

KENNEWICK IRRIGATION DISTRICT
Benton County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. Cash Receipts Should Be Deposited Timely

District payments received between April 30, 1993, and May 15, 1993, were not deposited until the first week of July.

RCW 43.09.240 states that:

Every public officer or employee, whose duty it is to collect or receive payments due . . . shall deposit such moneys collected or received . . . once every twenty-four consecutive hours.

The delay occurred because the district did not dedicate staff sufficient to deposit funds as they came in. In addition, payments received are not deposited until the customer's account is posted with a credit.

Not dedicating sufficient staff and holding receipts until accounts are posted resulted in the district having \$115,000 of undeposited assessment payments as of July 1, 1993. Not depositing funds timely could result in errors or irregularities occurring and not being detected in a timely manner and denies the district the use of those funds.

We recommend the district dedicate adequate staff to deposit funds timely as required by RCW 43.09.240.

2. Internal Controls Over Advance Payments Should Be Improved

The district's internal control system does not have a method to verify that all Local Improvement District (LID) advance payments are recorded after actual costs have been determined. LID advance payments are the payoff of new LID's when property is sold. The advance payments are kept in a checking account until actual LID costs are determined. Once determined the actual costs are transferred over to the LID account and any excess refunded.

Adequate internal controls require checks and balances to verify that errors can be detected in a timely manner.

Not having adequate internal controls caused the district to miss one LID advance payment when recording the payments in the LID computer system. This omission caused the district to bill the new property owner for a LID that had already been paid.

The district's error was not detected because of the weakness in internal controls.

We recommend the district refund the excess advance moneys and the LID payment. We further recommend the district review past advance payments to verify no other transactions were missed and implement procedures to verify that future errors will be detected timely.

3. The District Should Comply With The Open Public Meetings Act As It Pertains To Executive Sessions

The district should comply with executive session laws. The district accepted the secretary/manager's resignation in open meeting November 9, 1992. However, in a letter dated November 4, 1992, the board asked for the secretary's resignation and granted him three months severance pay. The district held public meetings November 3rd and 9th with no mention of severance pay and no indication that the secretary was going to be asked to resign.

RCW 42.30.110 covers the purposes of executive sessions. Subsection (g) states that executive sessions can be held to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. However, discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public.

The district's board was unaware of these requirements.

Not complying with these laws denies the district's property owners the right to be informed of and involved with district's activities.

We recommend the district's board of directors review the Open Public Meetings Act (Chapter 42.30 RCW) and comply with its requirements.

4. Annual Financial Reports Should Be Prepared And Submitted Within The Prescribed Reporting Period

The Kennewick Irrigation District's 1992 annual report was not completed and submitted to the State Auditor's Office until November 1993.

RCW 43.09.230 states:

The state auditor shall require from every taxing district . . . financial reports covering the full period of each fiscal year.

The State Auditor has promulgated in the *Budgeting, Accounting, and Reporting System* (BARS) manual that annual reports are to be certified and filed with the State Auditor's Office 150 days after the fiscal year end.

The annual reports were not filed because of the increase in district projects and changes in management.

When the financial reports are not prepared and filed as required the users are denied access to the district's information. Such users include:

- a. The district's rate payors.
- b. The state legislature which receives a copy of the annual volume of comparative statistics for all municipalities, published pursuant to RCW 43.09.230.
- c. Bondholders, bond brokerage firms, and any other person interested in the district's finances.
- d. Federal grantors who have an interest in the district's effectiveness.

We recommend that annual reports be prepared and submitted within the prescribed reporting period.